

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2007-AH-213
ADMINISTRATIVE ACTION NO. 07-PPC-0122

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

SETTLEMENT AGREEMENT
AND FINAL ORDER

CREDIT FINANCIAL SERVICES, INC.

RESPONDENT

** ** *

Background

1. Credit Financial Services, Inc. ("CFS") is licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage broker and is subject to KRS 286.8, the Mortgage Loan Company and Mortgage Loan Broker Act. CFS does business under the name of Alliance Mortgage Group. CFS has engaged in the mortgage broker business in an office located at 1717 Dixie Highway, Suite 150, Fort Wright, Kentucky 41011.
2. Pursuant to KRS 286.8-170, an examination was conducted on August 1, 2005 to determine whether CFS was in compliance with applicable laws and regulations, whether the policies and practices of CFS had a potentially adverse impact on potential borrowers, and whether the business was being operated efficiently, fairly, and in the public interest.
3. In the course of the examination it is alleged by the OFI that CFS used seven (7) unregistered individuals to assist in the origination of mortgage loans, in violation of KRS 286.8-030(1)(c) and KRS 286.8-255. Other violations of the KRS 286.8, the Real Estate Settlement Practices Act, Section 226.18 of the Federal Reserve Board's

Regulation Z, Sections 202.9(a)(1) and 202.9(b)(2) of the Federal Reserve Board's Regulation B, were also alleged.

4. An Administrative Complaint and Notice of Administrative Hearing was filed by the OFI on March 28, 2007 with the Office of the Attorney General against CFS.

5. CFS filed an Answer to the Administrative Complaint and Request for Hearing denying all liability for the allegations set forth in the OFI's Administrative Complaint on April 13, 2007.

6. An Amended Administrative Complaint was filed by OFI on or about October 29, 2007, asserting a second count against CFS for violation of KRS 286.8-220(2) arising from a February 21, 2007, consumer complaint filed by Lynette M. McNay of Covington, Kentucky (the "McNay Complaint"). In addition to the first count set forth in the Administrative Complaint, the second count sought revocation of CFS's HUD exemption, an order that CFS be ordered to cease and desist from operating as a mortgage loan company or mortgage broker in the Commonwealth of Kentucky, and for other unspecified relief.

7. On or about November 9, 2007, CFS filed an Answer to the Amended Administrative Complaint denying all liability for the allegations set forth in the OFI's Administrative Complaint and Amended Administrative Complaint and requested a dismissal of this administrative action.

8. Without any admission of liability, but to resolve this matter without further litigation, CFS has agreed to compromise and settle all claims arising from the Report of Examination, the Administrative Complaint, the Amended Administrative Complaint, and the McNay Complaint in accordance with the terms set forth herein.

Settlement Agreement and Final Order

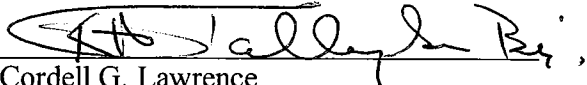
1. CFS agrees to pay OFI a fine in the total amount of seven thousand dollars (\$7,000) for the alleged violations of KRS 286.8-255. However, the OFI agrees to suspend payment of two thousand dollars (\$2,000) for twenty-four (24) months from the date of the execution of this settlement agreement provided that CFS does not violate any provision of KRS 286.8 within the next twenty-four (24) months from the date of the execution of the settlement agreement. If it is determined by examination by the OFI that CFS has violated KRS 286.8 then the \$2,000.00 will be immediately due and payable to the OFI. If it is determined by examination by the OFI that CFS has not violated KRS 286.8 then the \$2,000.00 civil penalty shall be waived upon expiration of the twenty-four (24) month period described in this paragraph. The imposition of this civil penalty shall not preclude the OFI from imposing additional civil penalties for any subsequent violation(s) of KRS 286.8.
2. CFS agrees to tender payment of five thousand dollars (\$5,000) to the OFI within thirty (30) days of the execution of this settlement agreement. The payment of the fine shall be made by check or cashier's check made payable to the "Kentucky State Treasurer" and mailed or hand delivered to the Office of Financial Institutions, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601.
- 3.. In regard to this matter, CFS agrees to waive its right to a demand hearing, where it would be entitled to legal representation, to confront and cross-examine witnesses for the OFI, and to present evidence on its own behalf. Further, CFS agrees to and acknowledges the jurisdiction of the OFI over this matter and understands that this agreement is a matter of public record and may be disseminated as such. Finally, CFS

shall be entitled to demand a hearing to contest any subsequent examinations where it would be entitled to legal representation, to confront and cross-examine witnesses for the OFI, and to present evidence on its own behalf.

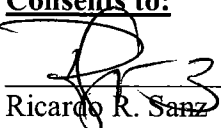
4. By agreement of the parties, the Amended Administrative Complaint shall be dismissed and the McNay Complaint shall be closed as a result of a resolution of all issues between McNay and CFS which is satisfactory to the Commonwealth of Kentucky. CFS's HUD exemption shall remain in effect and in good standing and CFS shall be permitted to continue to operate as a mortgage broker in the Commonwealth of Kentucky.

5. This Settlement Agreement shall constitute the Final Order in this matter.

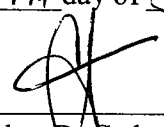
IT IS SO ORDERED on this the 15 day of Jan., 2008

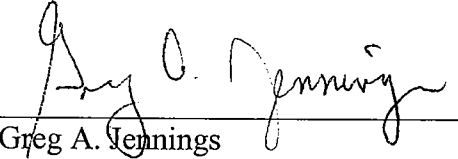

Cordell G. Lawrence
Executive Director

Consents to:


Ricardo R. Sanz
General Counsel and Chief Financial Officer
Credit Financial Services, LLC

This the 17 day of JAN, 2008


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Attorney for Credit Financial Services, LLC
This the 17 day of January, 2008



Greg A. Jennings
General Counsel
Kentucky Office of Financial Institutions

This the 15th day of January, 2008

Cc: Susan S. Durant
Hearing Officer
Division of Administrative Hearings
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204